



Utah Counties Insurance Pool  
*Serving Counties Since 1992*

# AGENDA

## BOARD OF TRUSTEES MEETING

October 16, 2003, 10:00 a.m.  
UCIP Board Room  
5397 S. Vine Street, SLC

**PLEASE READ:** Minutes, RMIS Summary

**PLEASE BRING:** Agenda, Minutes, RMIS Summary

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Call to Order	Dan McConkie
Review of Board Members Absent	
Approval of September Minutes	

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### ITEM INFORMATION

1	Investment Officer Report	Robert Rich
2	Broker's Report	John Chino
3	Director's Report	Lester Nixon
4	Audit Committee Report	Lynn Lemon
5	Loss Control Manager's Report	Mark Brady

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### ACTION

6	Award Risk Management Information Systems Contract	Lester Nixon
7	Approve Tentative 2004 Budget	Lynn Lemon
8	Appoint Coverage Agreement Review Committee	Lester Nixon
9	Ratification and Approval of Payments	Lynn Lemon
10	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
11	Action on Litigation Matters	Kent Sundberg
12	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	

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Wrap-up
Other Business
Next Meeting
Adjourn

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### ADDITIONAL INSTRUCTIONS:

The **Audit Committee** (Lynn, Kent, Steve W.) will meet at 8:30 a.m., prior to the Board meeting, in the UCIP Board room.

The **Nominating Committee** (Dan, Kay, Jim) will meet in the UCIP Board room immediately following the Board meeting.





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## MINUTES

October 16, 2003, 10:00 a.m.  
Utah Counties Insurance Pool Building, Murray, Utah

BOARD MEMBERS  
PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Steve Baker, Davis County Personnel Director  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
Jim Eardley, Washington County Commissioner  
Jerry Grover, Utah County Commissioner  
Ira Hatch, Emery County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS  
ABSENT

Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Wall, Sevier County Clerk-Auditor

OTHERS PRESENT

Lester Nixon, Director  
Mark Brady, Loss Control Manager  
Sonya White, Executive Assistant  
Korby Siggard, VeriClaim, Claims Manager  
John Chino, Arthur J. Gallagher, Vice President  
Rob Rich, Wachovia Securities Investment Officer

CALL to ORDER

Dan McConkie called the meeting to order at 10:00 a.m. and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Gene Roundy is on vacation with his family and therefore requested to be excused from this meeting. Steve Wall had a death in his family and therefore requested to be excused from this meeting. Lynn Lemon made a motion to excuse Gene Roundy and Steve Wall from this meeting. Ed Phillips seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes from the Board of Trustees telephonic conference on September 17, 2003 were previously sent to the Board for review. Steve Baker made a motion to approve the September 17, 2003 telephonic conference minutes as written. Kay Blackwell seconded the motion, which passed unanimously.

INVESTMENT OFFICER'S REPORT

Lester Nixon introduced Rob Rich of Wachovia Securities and each Trustee introduced himself to Rob. Rob provided the Board with a Fixed Income Review (see attachment #1) that detailed the Utah Counties Insurance Pool (Pool) portfolio analysis. Approximately \$7.5 million has been transferred from the Public Treasurers Investment Fund (PTIF), which was earning an average of 1.4%, into government backed





securities earning an average of 3.37%. Total of Bond Income over the next 12 months is projected at \$247,475. Jerry Grover questioned the reasoning for investing almost 100% in government agencies? Rob and Lester Nixon explained that PTIF invests 80% in corporate bonds and pursuant to the Pool's Investment Policy not more than 20% of the investments are to be in corporate bonds. This allows for a good mix and liquidity of the investments. This strategy can be adjusted particularly if PTIF changes their investment strategy. Rob explained that the Utah Money Management Act also limits investments to two years in corporate bonds. The Pool's Investment Ladder allows adjustments to be made as necessary. Approximately \$1,000,000 is invested to mature each year giving flexibility in obtaining higher interest rates, or the Pool can take back monies for expenses. Years 2008 and 2009 are inflated because more callable bonds are invested for those years. Lester explained that the Investment Officer will report to the Board each year and report to the Audit Committee every six months.

#### BROKER'S REPORT

John Chino gave an updated report regarding the reinsurance marketing endeavors to the Board (see attachment #2). The expiring rate for the casualty side of the program is \$700,000. American Reinsurance has given a renewal quote of \$835,000. John reported that he met with the American Reinsurance underwriters and explained that if they want to keep the Utah Counties Insurance Pool (Pool) account they need to decrease the renewal quote. American Reinsurance is still working on a counter quote. Scor Reinsurance offered a quote of \$680,000. Gallagher relies on the rating industry (AM Best and Standard & Poor's) to market only the highest rated carriers. Scor Reinsurance has been downgraded from an A- to a B+. Gallagher would require the Pool to sign a waiver if it chooses to write through Scor Reinsurance. Counties Reinsurance Limited (CRL) is a non-profit captive reinsuring 19 county pools in 12 states. CRL quoted \$425,544 plus a \$178,729 capitalization charge that the Pool carries on its books as an asset. CRL is in its sixth year of operation and, therefore, not yet rated but they have been reporting to AM Best. Jerry Grover asked how much of a factor is rating. John explained that rating is not as much as a factor for property coverage as it is for casualty coverage that has a seven year tail. If CRL has problems, they come to their insureds for the capital. A quote has yet to be provided by Coregis and Genesis. John has given the carriers a November 1 deadline so that a final proposal can be given to the Board at the November meeting. Jerry asked what the effect would be if the Pool chooses CRL. Lester explained that the only downside may be that competitors could say that the Pool is reinsured by an unrated company. John explained that the only quote received on the property side of the program is a renewal quote from Travelers of \$672,719, plus an additional premium of \$24,000 to include Flood Zone A coverage. Genesis said that they couldn't compete with Travelers' bid and declined to quote. Chubb would only provide excess coverage not reinsurance. Allianz may be leaving the property business for public entities and will not be providing a quote. Travelers provided a renewal quote for Boiler and Machinery at \$38,670. Hartford is working on a quote and Chubb declined to quote due to the bid given by Travelers. Ken Bischoff asked what the Pool had budgeted for reinsurance. Lester explained that reinsurance was budgeted with a 16% increase or the highest quotes received so far. Whatever the Pool saves in reinsurance premiums will minimize the amount taken out of surplus. Lester recommended that a surplus policy be drafted and approved. The Board decided to work on a surplus policy at the June 2004 Board retreat.

#### DIRECTOR'S REPORT

Lester Nixon announced that those Trustees going to the AGRiP Governance Conference have been invited to a dinner cruise sponsored by Arthur J. Gallagher on Monday night. The shuttle to the cruise will leave the hotel at 4:30 p.m. On Tuesday night the Idaho Risk Management Pool Board has invited Utah Counties Insurance Pool Board members to join them for dinner. Dan McConkie will be participating in a panel discussion at the 2:30 p.m. session on Tuesday. His topic is *What Pools Do Best/What Pools Do Worse*.

Lester explained that the National Association of Mutual Insurance Companies supports efforts to reauthorize the reform of the National Flood Insurance Program (see attachment #3) for another five years. Lester recommended that elected officials pass this information on to their congressmen to reauthorize NFIP for another five years.

Lester reported that the Utah Counties Insurance Pool had a successful exhibition at the Annual Sheriff's Association Conference in St. George. Staff met most of the County Sheriffs.



Lester explained that Tooele County is reviewing the membership proposal given to them on September 9 and Sonya White has been working with the Risk Manager at Summit County who contacted the Pool to provide a quote. If Summit and Tooele Counties join the Pool, it will insure 28 of the 29 counties. Lester said that the Pool could look at working with Salt Lake County to provide its reinsurance coverage. Summit and Tooele County Commissions have been invited to attend the November Membership Meeting.

Lester Nixon reported that he was invited to attend the County Reinsurance Limited (CRL) annual meeting in Vermont. Lester felt it was a good opportunity to get answers to his questions regarding the stability of the company and its capitalization requirements. Capitalization monies (based on the amount of premiums written) would not be available if the Pool decided to distribute equity to its members. A five year commitment is required before CRL would release capital. CRL must be capitalized at a certain percentage of what they write. If the Board decides to go with CRL they could book capitalization as an investment over five years or book it as a one time expense. Phil Bell of CRL is willing to meet with the Board at its November meeting. If American Reinsurance doesn't lower their renewal quote to \$600,000 or less, Lester recommends that the Board consider CRL. The quote, including the capitalization requirement, is still less than the other quotes proposed. The Board scheduled a November 12, 2003, 4:30 p.m. Board meeting to meet with Phil Bell of CRL. The meeting will be held at the Dixie Center in St. George.

#### AUDIT COMMITTEE REPORT

Lynn Lemon reported that the Audit Committee met prior to this meeting to review the investment portfolio, the 2004 tentative budget and invoices from the Utah Association of Counties (UAC). The Audit Committee has yet to receive a draft of the building agreement between UAC and the Utah Counties Insurance Pool (Pool). Since there are four Trustees that also serve on the UAC Board, the Audit Committee recommended that they press to get the building agreement in place. Dan McConkie said that today he has a meeting with the UAC President, Gary Herbert, and will relay the Committee's recommendation. Kent Sundberg suggested that if the Pool does not receive equity in the building then the Board should look at moving the Pool offices to another location. Lynn stated that the Pool has always had a verbal equity agreement. There are several issues that need to be addressed in a written agreement including build out arrangements when staff is added. The Pool has gone almost a year without carrying any building assets on the books. The Board will await Dan's recommendation following his meeting with Gary.

#### LOSS CONTROL MANAGER'S REPORT

Mark Brady reported that he is currently conducting Risk Management Program (RMP) reviews. All supporting documentation is to be submitted from the counties by November 30. Davis, Washington and Weber Counties are only a couple items short of having 100% compliance, giving Utah County some competition for next year.

Mark announced that the Facilities Management Conference, scheduled for November 6, has been postponed to February. The Planning and Zoning Conference is tentatively scheduled for March.

The Law Enforcement Committee has been reactivated and will meet quarterly. The next meeting of the Law Enforcement Committee, chaired by Ed Phillips, is scheduled for November 11. Committee members are: James Cordova, Bud Cox, Leon Jensen, Alden Orme, Brad Slater and Kirk Smith. Dan McConkie suggested that the Pool Trustees attend the Annual Sheriff's Conference. He attended this year and felt it was very beneficial. Ed agreed and explained that the two days of extensive training is a good opportunity for commissioners/council members to understand what is happening in the area of law enforcement. Along with the sponsorship that the Pool provides to this Conference, Ed recommended that specific training provided by the Pool would be appropriate. Mark attends the monthly Sheriff's meetings and will get input for training topics. Mark reported that he and Lester Nixon were invited to attend an Accreditation Committee meeting. There is a push among the sheriffs and chiefs to create an accreditation program for law enforcement agencies across the state. The accreditation process through CALEA can be very long so efforts to customize a program for Utah law enforcement would be valuable. Lester added that he spoke with the Kentucky Pool Director who said their accreditation program has really helped their losses. Mark was glad that the Accreditation Committee is including the insurers in the discussions so that the Pool can decide if it wants to include the accreditation program in the Risk Management Program (RMP). Ed will report to the Board the activities of the Law Enforcement Committee.



Mark reported that he and Lester Nixon presented at the Statewide Association of Public Attorneys (SWAP) meetings and also hired Craig Wentz and Jon Woods to present. Each presenter received excellent reviews.

#### AWARD RISK MANAGEMENT INFORMATION SYSTEMS CONTRACT

Lester Nixon explained that he presented the Board with a summary of the proposals received from those companies responding to the Risk Management Information Systems Request for Proposals. Lester had to conduct additional research on each company before making a recommendation to the Board. An analysis breakdown was provided to the Board (see attachment #4). In summary, Mountain View Software was the lowest responsive bidder. Pursuant to the terms of their proposal, Mountain View will convert the existing claims data from VeriClaim into their claims systems to be ready for in-house administration beginning January 5, 2004. Utah Counties Insurance Pool would be provided a "client-server" model at start-up. "Client-server" means the claims system software would be housed on the Pool's computer server and the Pool would be responsible for maintenance. By June 1, 2004, the Pool would change to an "administrative services provider" (ASP) model that would require Mountain View to maintain the system and any upgrades. Data would be processed on Mountain View's server via the Internet. The ASP model would allow Pool member counties to access their own claims information via the Internet. Mountain View is requesting a four-year contract. Korby Siggard and Charmaine Green have viewed the product and were satisfied. Jerry Grover made a motion to award the Risk Management Information Systems contract to Mountain View Software. Ed Phillips seconded the motion, which passed unanimously. Lester explained that Steve Smoot will be scheduled to attend the December Board meeting to demonstrate the program to the Trustees.

#### APPROVE TENTATIVE 2004 BUDGET

Pursuant to the budget process and calendar requirements of the Utah State Auditors office, Lynn Lemon presented the tentative 2004 budget to the Board for review (see attachment #5). Budgeted *Premiums Written* includes total member premiums allocated minus the Risk Management Program premium credits at \$4,053,237. *Investment Income* is budgeted at a worse case scenario at \$175,000. *Retained Equity* at \$318,382 will be reduced if investment income is higher and reinsurance costs are lower. Expense items that have increased from last year's budget are: *Accounting* (the Audit Committee will look at bidding these services every three years), *Auto Reserve*, *Exhibiting & Sponsorship* (exclusivity with the Utah Association of Counties and affiliate group support), *Information Technology* (includes new claims system and licensing fees), *Lobbying & Legislative Tracking* (amount Board agreed to pay for services provided by the Utah Association of Counties), *Professional Fees* (additional costs to draft the building agreement), *Property & Equipment* (additional costs to bring claims in-house), *Salaries* and *Benefits* (additional costs to bring claims staff in-house). All other budgeted items either remained consistent or were reduced from the 2003 budget for a total *Net Income* of \$0.00. Lynn Lemon made a motion to approve the Tentative 2004 Budget. Ken Bischoff seconded the motion, which passed unanimously.

#### APPOINT COVERAGE AGREEMENT REVIEW COMMITTEE

Lester Nixon requested that a Coverage Agreement Review Committee be appointed to look at changes to be made to the Coverage Agreement such as automobile exclusions, search and rescue inclusion, uninsured motorist, etc. Kay Blackwell made a motion to appoint Ken Bischoff, Jerry Grover and Kent Sundberg as the Coverage Agreement Review Committee. Lynn Lemon seconded the motion, which passed unanimously.

#### RATIFICATION and APPROVAL of PAYMENTS

Lynn Lemon provided the Board with a listing of the payments made and the payments to be made for review (see attachment #6). Ken Bischoff made a motion to ratify the payments made and approve the payments to be made as presented. Jim Eardley seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for October 16, 2003 at 11:55 a.m. Ken Bischoff seconded the motion, which passed unanimously.





Jim Eardley made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on October 16, 2003 at 12:00 p.m. Steve Baker seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Kent Sundberg explained that no action was needed for litigation matters.

#### SET DATE and TIME for CLOSED MEETING

The Board had no need for a closed meeting to discuss the character, professional competence, physical/mental health of an individual.

#### OTHER BUSINESS

Steve Baker explained that the Personnel Committee will be meeting on November 13 in St. George to plan training topics for the May 13-14, 2004 Personnel Workshop and asked that the Trustees let him know if they have any suggestions.

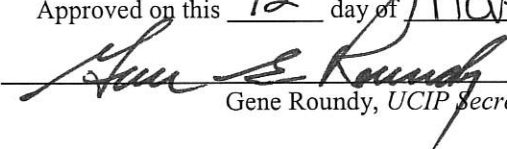
Ira Hatch explained that the approval to change the investment authorization to one signature in the Investment Policy at the last meeting makes him uneasy after he spoke with the State Auditor about the change. Lester Nixon suggested a telephonic authorization to alleviate any concerns regarding investment authorization that needs prompt attention. Ira Hatch made a motion directing Lester Nixon to revise section V. C. ...*the signature of at least one of the three individuals* to ...*at least two of the three individuals (one individual can authorize via telephone)* and present it to the Board at its December meeting for approval. Lynn Lemon seconded the motion, which passed unanimously.

Pursuant to a recent article *Legislative Audit Finds Fault with County Government's Handling of Mental Health Agencies* published in the UAC Horizons Fall 2003 Newsletter, Lester Nixon explained that there may be liability against the Pool for this exposure of county commissions/councils. Jerry Grover explained that the audit was directed at Salt Lake County and that all other counties were in compliance. Utah Association of Counties has been conducting workshops addressing the deficiencies outline in the audit.

The next meeting of the Board of Trustees will be held at the Dixie Center in St. George on November 12, 2004 at 4:30 p.m.

Respectfully submitted by Sonya White, Executive Assistant.

Approved on this 12 day of November 2003

  
Gene Roundy, UCIP Secretary-Treasurer





**WACHOVIA  
SECURITIES**

# FIXED INCOME REVIEW

## prepared for **UAC INSURANCE MUTUAL**

by your Financial Advisor  
**ROB RICH**

10/14/03

Refer to the attached page "General Notes" – report is incomplete unless "General Notes" are attached.

This does not constitute an offer to sell or a solicitation to buy securities except where specifically indicated by color coding (see legend). Actual prices bid/offered for securities may differ considerably from those shown. Price and anticipated income information are provided only as a general guide; there is no guarantee that actual prices/performance will closely approximate the prices/performance shown. Tax implications arising from security transactions should be discussed with a qualified tax advisor. Call features may exist for some securities that could affect the maturing principal schedule and/or yield calculations. SECURITIES: NOT FDIC INSURED/NOT BANK GUARANTEED/MAY LOSE VALUE. Investment products and services offered through either Wachovia Securities, LLC, member NYSE/SIPC, or Wachovia Securities Financial Network, LLC, member NASD/SIPC. Each broker-dealer is a separate non-bank affiliate of Wachovia Corporation. Prudential Securities is a division of Wachovia Securities, LLC. (15263)

## GENERAL NOTES

This report is intended to provide you with a descriptive overview of your current fixed income portfolio and may include analysis, projections and recommendations. The various forms of performance analysis, security characteristics, and securities pricing estimates include assumptions to facilitate calculations and the depiction of your holdings. These assumptions have been defined whenever possible.

Securities prices contained in this report are obtained from various sources, including independent pricing services. There is no guarantee that the reported prices reflect current market prices or that the reported price could be realized. Wachovia Securities does not consider the reported prices actual bids.

If Buy/Sell recommendations are included in your report please be aware that all prices are subject to change, and that all suggested buys are also subject to availability. Any changes to your portfolio should be first discussed with your Financial Advisor, and your tax professional for any potential tax implications.

There is no guarantee that this information is complete or accurate in its entirety or that actual performance will closely approximate the performance shown. Variables affecting performance are unknown and unpredictable, and any calculations based upon them simply reflect one of many possible outcomes. Please review all information with your Financial Advisor (FA).

## SECURITY ASSUMPTIONS

**Mortgage Backed Securities (MBS).** For the purposes of this report MBS include Asset Backed Securities, Pass Thrus and Collateralized Mortgage Obligations. MBS do not have defined principal cash flows due to principal prepayment uncertainties. This report uses the current industry standard, Public Securities Assoc. Model as the method for estimating future mortgage cash flows. In this report assumptions must be made about the prepayment speed and average life value for MBS. These assumptions result in an estimated principal and interest repayment schedule, which is used in combination with current price to calculate a cash flow yield. Cash flow yield is the yield used for this security type. Actual performance will not match stated performance because it is not possible to precisely predict MBS cash flow streams. Factors affecting asset prepayments such as future interest rates are unknown.

**Fixed Rate Capital Securities (FRCS) and Preferred Stock** For the purposes of this report FRCS may be perpetual securities with no stated maturity. For perpetual securities a long-term maturity date is assigned to facilitate portfolio and individual security calculations. If these securities have stated maturities, the actual maturity date is used.

## FIXED INCOME PORTFOLIO ANALYSIS

**Section I Portfolio Totals.** Portfolio totals are approximate market values of the account holdings grouped by type. 'Bonds' includes individual fixed income instruments such as Treasuries and Agencies, Zeros, Mortgage Backed Securities (MBS), Corporates, and CDs. 'FRCS' refers to Fixed Rate Capital Securities and includes Preferred Stocks. 'Equities' includes individual equities, convertibles but not Preferred Stock. 'Mutual Funds' includes open and closed-end funds. 'Money Market' is based on Money Market Balance in the account(s) at time of analysis. 'Other' includes instruments such as UITS, Annuities, Limited Partnerships and securities with unique characteristics not fitting any of the above categories.

**Section II Bond Averages.** - This section provides you with descriptive features of the bonds in your portfolio. 'Coupon' is an average of the coupons of the individual bonds weighted by par value. 'Yrs to Mat' is Years to Maturity, which is an average of the time to maturity (or assumed Average Life for MBS) weighted by par value. 'Duration' represents the average of the duration of the individual bonds weighted by par value. Duration itself is the number of years required to receive the present value of future payments, both interest and principal, from a bond. 'YTW' is Yield to Worst. Yield to worst is the lower of the yield to call or yield to maturity for each bond, as calculated using Excel yield functions and assumptions. It is shown here as the average of the individual bond yield to worst calculations weighted by par value. Cash flow yield is used for MBS. This is not a yield to maturity calculation for the portfolio, as a whole, but an average of individual yields. 'Current Yield' is the average of the current yield of each bond weighted by par value. Current Yield is equal to the coupon divided by the current price, expressed as a percentage.

## Section III Bond Income Schedule.

This is an estimated schedule of total monthly coupon payments. The schedule assumes that bonds are not called. For portfolios that have MBS that are paying out principal in addition to the interest, the income schedule will include those projected principal payments as well. This income schedule takes into account potential long or short first coupon payments on Municipal securities.

**Section IV Bond Distributions.** This section includes four separate breakdowns of the Fixed Income holdings portfolio. 'Avg. Life / Mat.' Shows the percentage of the holdings that will mature or be preterunded within the stated time periods. MBS are included based upon their assumed average life. The 'CALLABLE' distribution represents your fixed income portfolio grouped according to the call dates shown. The call feature used is the next date that the bond may be called. A bond may or may not be called on the first call date or thereafter. This distribution alerts you to the percentage of your portfolio, which may be called at each time segment. MBS do not have stated call features but do have uncertain maturities, therefore a percentage designation has been provided for these securities (see Security Assumptions). 'Duration' is the number of years required to receive the present value of future payments, both interest and principal, from a bond. The fixed income portfolio is grouped by duration for the periods shown. The 'Product' distribution simply shows the percentage of the fixed income portfolio that is invested in different fixed income products.

**Section V Bond Principal Schedule.** This schedule provides an approximate breakdown of principal repayments of your fixed income holdings. The schedule assumes that bonds are not called and that MBS prepay according to the stated principal prepayment window. Please remember that it is not possible to accurately predict MBS prepayments or whether a bond will be called. When reviewing this distribution, you should discuss this fact and alternate principal repayment possibilities with your Financial Advisor.

**Section VI Bond Rating Distributions.** - This schedule breaks down holdings according to credit ratings. Some issues may be rated by only one agency and some are not rated at all. Please discuss these ratings, their meanings and the suitability of the distribution for your portfolio objectives with your Financial Advisor.

**Existing/Resulting.** - If your report contains recommendations for Buys and/or Sells columns representing both the Existing and the Resulting holdings will be shown on the 'Analysis' page for all six of the preceding sections. All of the assumptions for those sections will continue to hold. This simply is a manner in which you may see the before and after for a given portfolio for the recommended changes.

**PORTFOLIO DETAIL.** - This section provides an overview of each fixed income holdings in the portfolio. Any recommendations are included and are coded by color. Issues shown in boldfaced blue type are suggested buys, and red boldfaced type is for suggested sells. The columns shown on the page are defined as follows: Quantity is the face value of the bond or number of FRCS shares. Issuer is the name of the issuer. The Type is the bond type. Rating reflects the Moody's and SP credit rating if applicable. Coupon is the bonds stated interest rate. Maturity is the stated maturity date, or in the case of MBS the assumed principal prepayment window. For FRCS of Preferreds with no stated maturity date a substituted date may be shown. Yrs to Mat. is the number of years until maturity, preterunding, or assumed average life for MBS. The price shown is the market price supplied at the time of the analysis. Price should be used only as an estimate since actual price changes continually due to market conditions. YTW is the lower of the yield to call or yield to maturity as calculated using Excel's yield functions and assumptions. A 10 indicates yield to call was used. For MBS the YTW will be the cash flow yield. Current Yield is the bond's coupon rate divided by its current price expressed as a percentage. Call Date/Price is the next call date for the bond and the applicable call price. Call dates for currently callable bonds are shown as being callable in 30 days. The Total shown for each bond is the sum of the market value, at the given price, plus the accrued interest.

**BUY/SELL RECOMMENDATION** This page is included only if there are trades recommended on the report. This page will show the recommended buys and sells separately, and the totals for each, with any difference. This page will also include notes with rationale for the recommendations.

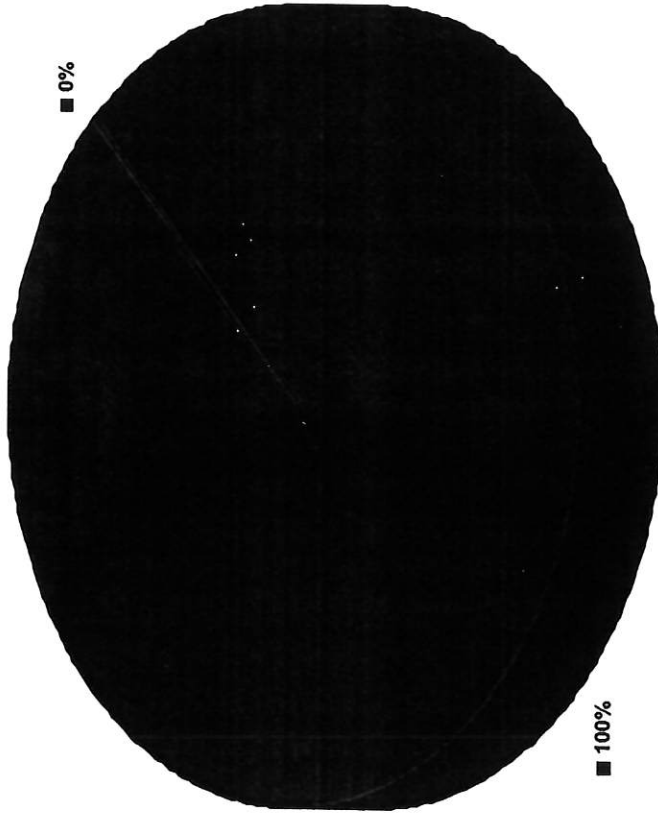
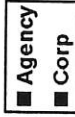
**OTHER SECURITIES.** The Other Securities page(s) lists Equities, Mutual Funds, UITS, Money Market holdings, Annuities, Limited Partnerships, and other securities that do not fit into the parameters for analysis as Bonds. All values for these holdings are taken at the time the report is imported into the program. Security values and Money Market balances stated in the report may differ from actual values and balances due to market and account activity occurring after the report data was gathered.

**DATA GRAPHS.** The Asset Allocation graph represents the entire portfolio in terms of current market value. The Fixed Income Allocation represents just the Fixed Income assets held in the account. The Maturity, Duration, and Callable Distributions are illustrations of the bond features as shown in section III of the Analysis page. For reports where recommendations have been made, all of the graph pages will show the 'existing' and 'resulting' as well.



# FIXED INCOME ALLOCATION

## Distribution by Fixed Income Product Type



10/14/2003

Refer to the attached page "General Notes" - report is incomplete unless "General Notes" are attached.

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Ref. ID#: 15263

# FIXED INCOME PORTFOLIO ANALYSIS

## I. PORTFOLIO TOTALS

Bonds	\$7,344,306
FRCS	\$0
Equities	\$0
Mutual Funds	\$0
MMKT	\$0
Other	\$45,000
Total Value	\$7,389,306

## II. BOND AVERAGES

Coupon	3.37%
Yrs to Mat	4.655
Duration	4.158
YTW	2.57%
Current Yield	3.37%

## III. BOND INCOME - Next 12 Months

November	\$9,620
December	\$20,665
January	\$22,019
February	\$44,825
March	\$4,788
April	\$21,625
May	\$10,350
June	\$20,665
July	\$21,924
August	\$44,582
September	\$4,788
October	\$21,625
Total	\$247,475

## IV. BOND DISTRIBUTIONS

AVG. LIFE / MAT.	
Less than 5 Yrs	56.40%
5 To 10 Yrs	43.60%
10 To 15 Yrs	0.00%
15 To 20 Yrs	0.00%
More Than 20 Yrs	0.00%
CALLABLE	
MBS	0.00%
Not Callable	2.08%
Less Than 2 Yrs	97.92%
2 To 5 Yrs	0.00%
5 To 10 Yrs	0.00%
More Than 10 Yrs	0.00%
DURATION	
Less than 5 Yrs	70.21%
5 To 10 Yrs	29.79%
10 To 15 Yrs	0.00%
15 To 20 Yrs	0.00%
More Than 20 Yrs	0.00%
PRODUCT	
Agency	99.63%
Corp	0.37%

## V. BOND PRINCIPAL SCHEDULE

2005	\$670,000
2006	\$985,000
2007	\$1,190,000
2008	\$1,560,000
2009	\$1,704,000
2010	\$900,000
2011	\$340,000
Total	\$7,349,000

## VI. BOND RATING DISTRIBUTION

(AAA)(AAA)	0.37%
Agency	99.63%

## NOTES

10/14/2003 Refer to the attached page "General Notes" - report is incomplete unless "General Notes" are attached. Ref. ID#: 15263

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# PORTFOLIO DETAIL

Quantity	Issuer	Type	Rating	Coupon	Maturity	Yrs to Mat.	Price	Yt Worst	Current Yield	Call Date/Price	Total
\$ 120,000	Fedl Farm Cred B	Agency	Agency	3.800%	01/28/2005	1.250	100.75	1.03%	[c] 3.77%	01/28/04 100.00	\$121,939
\$ 200,000	Fedl Home Ln Mtg	Agency	Agency	2.100%	08/11/2005	1.833	100.22	1.38%	[c] 2.10%	02/11/04 100.00	\$201,240
\$ 200,000	Fedl Natl Mtg Ass	Agency	Agency	2.360%	08/26/2005	1.833	100.13	1.05%	[c] 2.36%	11/26/03 100.00	\$200,968
\$ 150,000	Fedl Home Ln Bk	Agency	Agency	2.000%	11/21/2005	2.083	99.80	2.10%	2.00%	11/21/03 100.00	\$150,198
\$ 180,000	Fedl Home Ln Bk	Agency	Agency	2.835%	02/22/2006	2.333	100.01	1.02%	[c] 2.83%	10/22/03 100.00	\$180,833
\$ 100,000	Fedl Home Ln Bk	Agency	Agency	2.850%	05/26/2006	2.583	100.52	1.35%	[c] 2.84%	02/26/04 100.00	\$100,952
\$ 230,000	Fedl Home Ln Bk	Agency	Agency	2.500%	08/14/2006	2.833	99.74	2.60%	2.51%	11/14/03 100.00	\$230,455
\$ 30,000	Fedl Home Ln Mtg	Agency	Agency	4.000%	08/02/2006	2.833	102.15	1.23%	[c] 3.92%	08/02/04 100.00	\$30,905
\$ 25,000	Freddie Mac	Agency	Agency	3.000%	10/15/2006	3.000	100.03	2.63%	[c] 3.00%	11/20/03 100.00	\$25,017
\$ 30,000	Fedl Home Ln Bk	Agency	Agency	2.250%	12/26/2006	3.167	98.33	2.80%	2.29%	12/26/03 100.00	\$29,713
\$ 390,000	Fedl Home Ln Bk	Agency	Agency	2.200%	12/26/2006	3.167	98.18	2.80%	2.24%	12/26/03 100.00	\$385,611
\$ 100,000	Fedl Natl Mtg Ass	Agency	Agency	5.000%	01/20/2007	3.250	100.92	1.29%	[c] 4.95%	01/20/04 100.00	\$102,170
\$ 100,000	Fedl Home Ln Bk	Agency	Agency	3.280%	02/28/2007	3.333	100.21	1.27%	[c] 3.27%	11/28/03 100.00	\$100,688
\$ 150,000	Fedl Home Ln Bk	Agency	Agency	3.000%	02/27/2007	3.333	100.10	2.70%	[c] 3.00%	02/27/04 100.00	\$150,810
\$ 90,000	Fedl Home Ln Bk	Agency	Agency	4.600%	04/24/2007	3.500	100.03	1.86%	[c] 4.60%	10/24/03 100.00	\$92,053
\$ 300,000	Fedl Home Ln Bk	Agency	Agency	3.000%	05/14/2007	3.583	99.74	3.08%	3.01%	11/14/03 100.00	\$300,859
\$ 200,000	Fedl Home Ln Bk	Agency	Agency	2.125%	08/20/2007	3.833	99.46	2.27%	2.14%	02/20/04 100.00	\$199,624
\$ 200,000	Fedl Home Ln Bk	Agency	Agency	3.240%	08/20/2007	3.833	99.82	3.29%	3.25%	11/20/03 100.00	\$200,729
\$ 50,000	Fedl Farm Cred B	Agency	Agency	3.700%	08/07/2007	3.833	100.12	1.14%	[c] 3.70%	11/07/03 100.00	\$50,435
\$ 1,000,000	Fedl Home Ln Bk	Agency	Agency	2.000%	06/30/2008	4.667	96.98	2.69%	2.06%	12/30/03 100.00	\$975,914
\$ 300,000	Fedl Home Ln Bk	Agency	Agency	5.200%	10/22/2008	5.000	103.62	1.56%	[c] 5.02%	10/22/04 100.00	\$318,573
\$ 260,000	Fedl Home Ln Bk	Agency	Agency	5.125%	11/14/2008	5.083	100.27	1.05%	[c] 5.11%	11/14/03 100.00	\$266,476
\$ 330,000	Fedl Home Ln Bk	Agency	Agency	3.500%	01/23/2009	5.250	98.42	3.83%	3.56%	10/23/03 100.00	\$327,565
\$ 58,000	FICO	Agency	Agency	0.000%	02/03/2009	5.333	81.83	3.83%	0.00%		\$47,461
\$ 22,000	FICO	Agency	Agency	0.000%	03/07/2009	5.417	81.38	3.87%	0.00%		\$17,904

[r] indicates Pre-Refunded. [c] indicates Yield-to-Call was used.

10/14/2003

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# PORTFOLIO DETAIL

Quantity	Issuer	Type	Rating	Coupon	Maturity	Yrs to Mat.	Price	Yt Worst	Current Yield	Call Date/Price	Total		
\$ 180,000	Fedl Home Ln Mtg Agency	Agency	Agency	5.250%	03/18/2009	5.417	101.71	1.07%	[c]	5.16%	03/18/04	100.00	\$183,916
\$ 39,000	FICO Agency	Agency	Agency	0.000%	04/05/2009	5.500	81.01	3.90%	0.00%				\$31,594
\$ 75,000	Fedl Home Ln Mtg Agency	Agency	Agency	5.750%	04/29/2009	5.500	102.42	1.11%	[c]	5.61%	04/29/04	100.00	\$78,864
\$ 34,000	Tenn Valley Auth Corp	(AAA)(Aaa)	Agency	0.000%	04/15/2009	5.500	80.69	3.95%	0.00%				\$27,436
\$ 40,000	Fedl Home Ln Bk Agency	Agency	Agency	5.625%	06/10/2009	5.667	102.79	1.22%	[c]	5.47%	06/10/04	100.00	\$41,929
\$ 130,000	Fedl Home Ln Bk Agency	Agency	Agency	5.500%	06/10/2009	5.667	105.13	2.29%	[c]	5.23%	06/10/05	100.00	\$139,246
\$ 330,000	Fedl Home Ln Bk Agency	Agency	Agency	3.125%	07/10/2009	5.750	95.62	3.99%		3.27%	01/10/04	100.00	\$318,404
\$ 215,000	Fedl Home Ln Bk Agency	Agency	Agency	3.000%	08/13/2009	5.833	99.27	3.14%		3.02%	02/13/04	100.00	\$214,637
\$ 51,000	Fedl Farm Cred B Agency	Agency	Agency	4.750%	10/23/2009	6.000	100.03	1.12%	[c]	4.75%	10/23/03	100.00	\$52,206
\$ 100,000	Fedl Home Ln Mtg Agency	Agency	Agency	4.610%	11/27/2009	6.083	100.72	2.53%	[c]	4.58%	02/27/04	100.00	\$101,401
\$ 100,000	Fedl Home Ln Bk Agency	Agency	Agency	5.000%	11/25/2009	6.083	100.38	1.07%	[c]	4.98%	11/25/03	100.00	\$101,144
\$ 100,000	Fedl Natl Mtg Ass Agency	Agency	Agency	4.250%	05/13/2010	6.583	98.98	4.43%		4.29%	05/13/04	100.00	\$100,836
\$ 300,000	Fedl Home Ln Bk Agency	Agency	Agency	4.100%	07/30/2010	6.750	97.84	4.47%		4.19%	10/30/03	100.00	\$296,241
\$ 350,000	Fedl Home Ln Bk Agency	Agency	Agency	3.500%	08/13/2010	6.833	98.42	3.76%		3.56%	02/13/04	100.00	\$346,739
\$ 150,000	Fedl Home Ln Bk Agency	Agency	Agency	5.030%	11/26/2010	7.083	100.20	2.96%	[c]	5.02%	11/26/03	100.00	\$151,432
\$ 40,000	Fedl Home Ln Bk Agency	Agency	Agency	6.375%	06/28/2011	7.667	103.38	1.42%	[c]	6.17%	06/28/04	100.00	\$42,144
\$ 300,000	Fedl Home Ln Bk Agency	Agency	Agency	5.550%	10/18/2011	8.000	102.32	3.16%	[c]	5.42%	10/18/04	100.00	\$307,045

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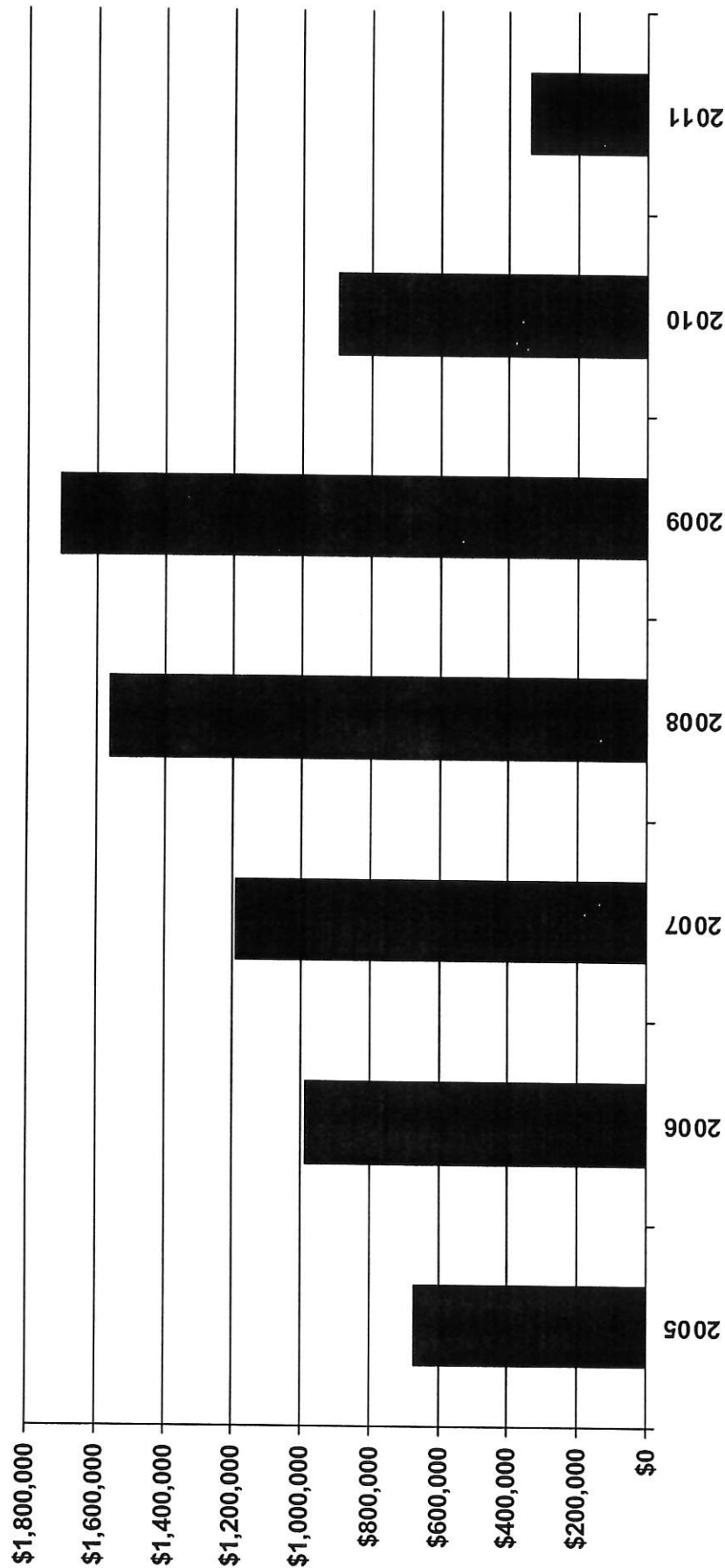
10/14/2003 Refer to the attached page "General Notes" - report is incomplete unless "General Notes" are attached. Page 2 of 2 Ref. ID#: 15263

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# MATURITY DISTRIBUTION

## Maturity Distribution



10/14/2003

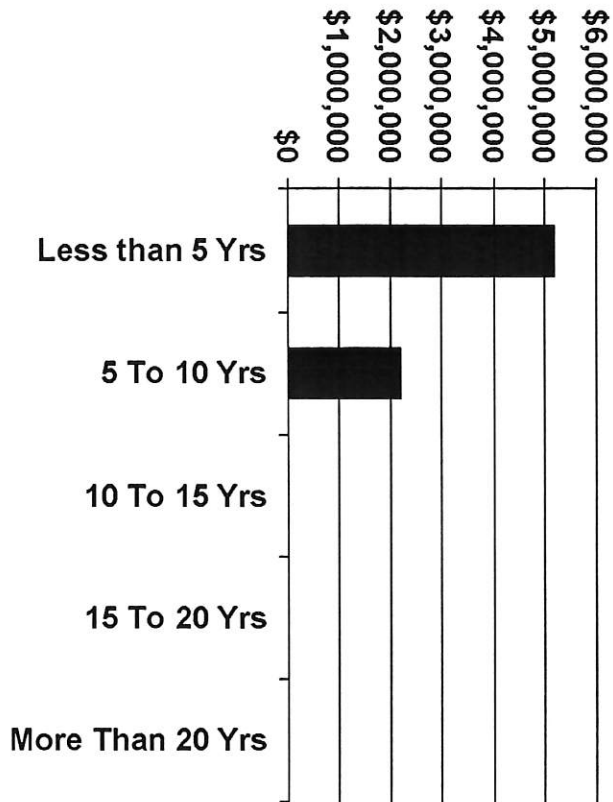
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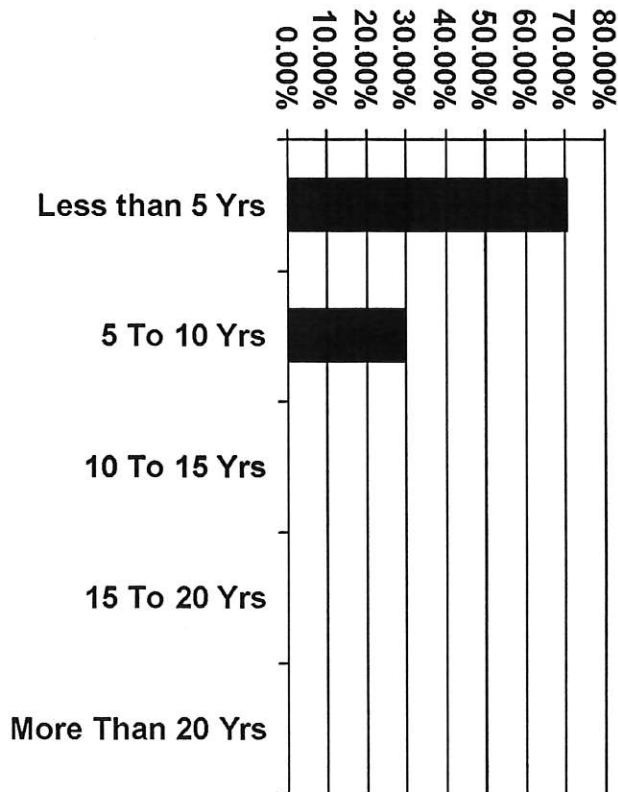
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# DURATION DISTRIBUTION

Duration Distribution



% Duration Distribution



10/14/2003

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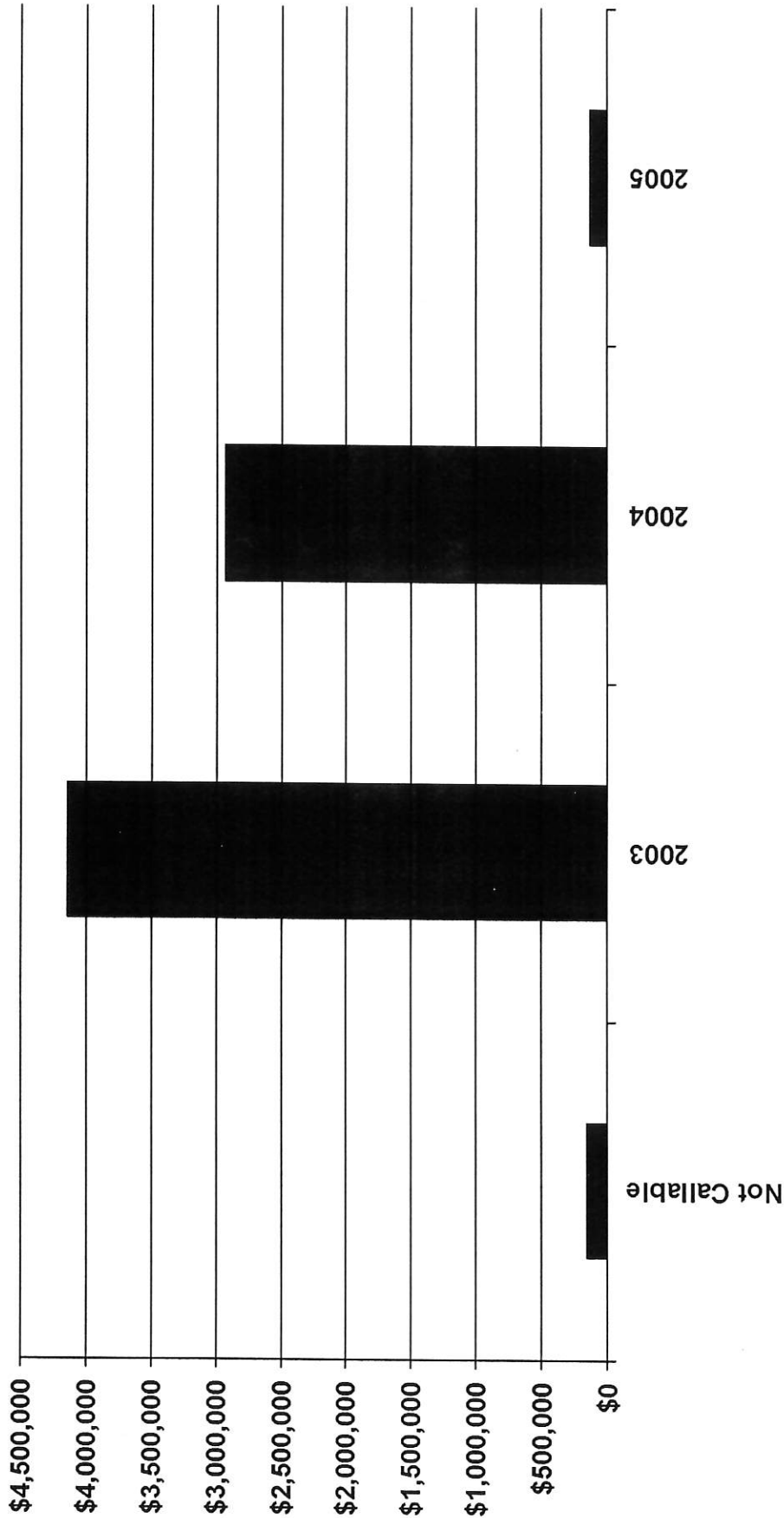
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# CALLABLE DISTRIBUTION

Callable Distribution



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# INTEREST INCOME SCHEDULE

Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
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Nov 2003

Fed Natl Mtg Assn	4.250%	5/13/10	Agency	100,000	13	\$2,137
Fed Home Ln Bk	5.125%	11/14/08	Agency	260,000	14	\$6,663
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fed Home Ln Bk	2.000%	11/21/05	Agency	150,000	21	\$758
Total Existing Interest Income for Nov 2003 :						\$9,620

Dec 2003

Fed Home Ln Bk	5.625%	6/10/09	Agency	40,000	10	\$1,125
Fed Home Ln Bk	5.500%	6/10/09	Agency	130,000	10	\$3,575
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fed Home Ln Bk	2.250%	12/26/06	Agency	30,000	26	\$338
Fed Home Ln Bk	2.200%	12/26/06	Agency	390,000	26	\$4,290
Fed Home Ln Bk	6.375%	6/28/11	Agency	40,000	28	\$1,275
Fed Home Ln Bk	2.000%	6/30/08	Agency	1,000,000	30	\$10,000
Total Existing Interest Income for Dec 2003 :						\$20,665

Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
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Jan 2004

Fed Home Ln Bk	3.125%	7/10/09	Agency	330,000	10	\$5,185
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fed Natl Mtg Assn	5.000%	1/20/07	Agency	100,000	20	\$2,500
Fed Home Ln Bk	3.500%	1/23/09	Agency	330,000	23	\$5,807
Fed Farm Cred Bk	3.800%	1/28/05	Agency	120,000	28	\$2,280
Fed Home Ln Bk	4.100%	7/30/10	Agency	300,000	30	\$6,184
Total Existing Interest Income for Jan 2004 :						\$22,019

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Page 1 of 4

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# INTEREST INCOME SCHEDULE

Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
<b>Feb 2004</b>						
Fedl Home Ln Mtg	4.000%	8/2/06	Agency	30,000	2	\$600
Fedl Farm Cred Bk	3.700%	8/7/07	Agency	50,000	7	\$930
Fedl Home Ln Mtg	2.100%	8/11/05	Agency	200,000	11	\$2,112
Fedl Home Ln Bk	3.000%	8/13/09	Agency	215,000	13	\$3,243
Fedl Home Ln Bk	3.500%	8/13/10	Agency	350,000	13	\$6,159
Fedl Home Ln Bk	2.500%	8/14/06	Agency	230,000	14	\$2,891
Fedl Home Ln Bk	3.000%	5/14/07	Agency	300,000	14	\$4,525
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fedl Home Ln Bk	2.125%	8/20/07	Agency	200,000	20	\$2,137
Fedl Home Ln Bk	3.240%	8/20/07	Agency	200,000	20	\$3,258
Fedl Home Ln Bk	2.835%	2/22/06	Agency	180,000	22	\$2,566
Fedl Home Ln Bk	5.000%	11/25/09	Agency	100,000	25	\$2,514
Fedl Home Ln Bk	2.850%	5/26/06	Agency	100,000	26	\$1,433
Fedl Natl Mtg Assn	2.360%	8/26/05	Agency	200,000	26	\$2,373
Fedl Home Ln Bk	5.030%	11/26/10	Agency	150,000	26	\$3,793
Fedl Home Ln Bk	3.000%	2/27/07	Agency	150,000	27	\$2,263
Fedl Home Ln Mtg	4.610%	11/27/09	Agency	100,000	27	\$2,318
Fedl Home Ln Bk	3.280%	2/28/07	Agency	100,000	28	\$1,649
<b>Total Existing Interest Income for Feb 2004 :</b>						<b>\$44,825</b>

Issuer	Coupon	Maturity	Type	Qty	Date Paid	Interest Payment
<b>Mar 2004</b>						
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fedl Home Ln Mtg	5.250%	3/18/09	Agency	180,000	18	\$4,725
<b>Total Existing Interest Income for Mar 2004 :</b>						<b>\$4,788</b>
<b>Apr 2004</b>						
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fedl Home Ln Bk	5.550%	10/18/11	Agency	300,000	18	\$8,325
Fedl Home Ln Bk	5.200%	10/22/08	Agency	300,000	22	\$7,800
Fedl Farm Cred Bk	4.750%	10/23/09	Agency	51,000	23	\$1,211
Fedl Home Ln Bk	4.600%	4/24/07	Agency	90,000	24	\$2,070
Fedl Home Ln Mtg	5.750%	4/29/09	Agency	75,000	29	\$2,156
<b>Total Existing Interest Income for Apr 2004 :</b>						<b>\$21,625</b>

<b>May 2004</b>						
Fedl Natl Mtg Assn	4.250%	5/13/10	Agency	100,000	13	\$2,125
Fedl Home Ln Bk	5.125%	11/14/08	Agency	260,000	14	\$6,663
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63
Fedl Home Ln Bk	2.000%	11/21/05	Agency	150,000	21	\$1,500
<b>Total Existing Interest Income for May 2004 :</b>						<b>\$10,350</b>

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Page 2 of 4

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# INTEREST INCOME SCHEDULE

Issuer	Coupon	Maturity	Type	Qty	Date	Interest	
					Paid	Payment	
<b>Jun 2004</b>							
Fedl Home Ln Bk	5.625%	6/10/09	Agency	40,000	10	\$1,125	
Fedl Home Ln Bk	5.500%	6/10/09	Agency	130,000	10	\$3,575	
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63	
Fedl Home Ln Bk	2.250%	12/26/06	Agency	30,000	26	\$338	
Fedl Home Ln Bk	2.200%	12/26/06	Agency	390,000	26	\$4,290	
Fedl Home Ln Bk	6.375%	6/28/11	Agency	40,000	28	\$1,275	
Fedl Home Ln Bk	2.000%	6/30/08	Agency	1,000,000	30	\$10,000	
<b>Total Existing Interest Income for Jun 2004 :</b>						<b>\$20,665</b>	
<b>Jul 2004</b>							
Fedl Home Ln Bk	3.125%	7/10/09	Agency	330,000	10	\$5,156	
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63	
Fedl Natl Mtg Assn	5.000%	1/20/07	Agency	100,000	20	\$2,500	
Fedl Home Ln Bk	3.500%	1/23/09	Agency	330,000	23	\$5,775	
Fedl Farm Cred Bk	3.800%	1/28/05	Agency	120,000	28	\$2,280	
Fedl Home Ln Bk	4.100%	7/30/10	Agency	300,000	30	\$6,150	
<b>Total Existing Interest Income for Jul 2004 :</b>						<b>\$21,924</b>	
<b>Aug 2004</b>							
Fedl Home Ln Mtg	4.000%	8/2/06	Agency	30,000	2	\$600	
Fedl Farm Cred Bk	3.700%	8/7/07	Agency	50,000	7	\$925	
Fedl Home Ln Mtg	2.100%	8/11/05	Agency	200,000	11	\$2,100	
Fedl Home Ln Bk	3.000%	8/13/09	Agency	215,000	13	\$3,225	
Fedl Home Ln Bk	3.500%	8/31/10	Agency	350,000	13	\$6,125	
Fedl Home Ln Bk	2.500%	8/14/06	Agency	230,000	14	\$2,875	
Fedl Home Ln Bk	3.000%	5/14/07	Agency	300,000	14	\$4,500	
Freddie Mac	3.000%	10/15/06	Agency	25,000	15	\$63	
Fedl Home Ln Bk	2.125%	8/20/07	Agency	200,000	20	\$2,125	
Fedl Home Ln Bk	3.240%	8/20/07	Agency	200,000	20	\$3,240	
Fedl Home Ln Bk	2.835%	2/22/06	Agency	180,000	22	\$2,552	
Fedl Home Ln Bk	5.000%	11/25/09	Agency	100,000	25	\$2,500	
Fedl Home Ln Bk	2.850%	5/26/06	Agency	100,000	26	\$1,425	
Fedl Natl Mtg Assn	2.360%	8/26/05	Agency	200,000	26	\$2,360	
Fedl Home Ln Bk	5.030%	11/26/10	Agency	150,000	26	\$3,773	
Fedl Home Ln Bk	3.000%	2/27/07	Agency	150,000	27	\$2,250	
Fedl Home Ln Mtg	4.610%	11/27/09	Agency	100,000	27	\$2,305	
Fedl Home Ln Bk	3.280%	2/28/07	Agency	100,000	28	\$1,640	
<b>Total Existing Interest Income for Aug 2004 :</b>						<b>\$44,582</b>	

10/14/2003 Refer to the attached page "General Notes" - report is incomplete unless "General Notes" are attached. Page 3 of 4 Ref. ID#: 15263

This does not constitute an offer to sell or a solicitation to buy securities except where specifically indicated by color coding (see legend). Actual prices bid/offered for securities may differ considerably from those shown. Price and anticipated income information are provided only as a general guide; there is no guarantee that actual performance will closely approximate the performance shown. Tax implications arising from security transactions should be discussed with a qualified tax advisor. Call features may exist for some securities that could affect the maturing principal schedule and/or yield calculations. Investment products and services offered through either Wachovia Securities, LLC, member NYSE/SIPC, or Wachovia Securities Financial Network, LLC, member NASD/SIPC. Each broker-dealer is a separate non-bank affiliate of Wachovia Corporation. Prudential Securities is a division of Wachovia Securities, LLC. Securities and Insurance Products: Not Insured by FDIC or Any Federal Government Agency May Lose Value Not a Deposit of or Guaranteed by a Bank or Any Bank Affiliate.

## Sonya White

---

**From:** John\_Chino@ajg.com  
**Sent:** Thursday, October 16, 2003 9:43 AM  
**To:** Sonya White  
**Subject:** UCIP--Marketing Update

John G. Chino, ARM  
Area Vice President  
15 Enterprise, Suite 200  
Aliso Viejo, CA 92656  
(949) 349-9827  
(909) 239-4733 (cell)  
(909) 699-3679 (FAX)  
john\_chino@ajg.com

----- Forwarded by John Chino/BSD/AJG on 10/16/2003 08:37 AM -----

**Rich Stokluska**

10/16/2003 08:02 AM

**To:** John Chino/BSD/AJG@AJG  
**cc:** Sandra Hannon/BSD/AJG@AJG  
**Subject:** UCIP--Marketing Update

John, here's the status of the quotes:

### Liability

- |             |           |   |
|-------------|-----------|---|
| • Am Re     | \$835,000 | London still working on quote from alternate facility         |
| • Scor Re   | \$680,000 | Carrier rating  |
| • CRL, Ltd. | \$425,544 | Need to add \$178,729 (Cap Cost) and charge to increase limit |
| • Coregis   |           | Still working on quote  |
| • Genesis   |           | Still working on quote; indication coming in around expiring  |

### Property

- |             |           |  |
|-------------|-----------|--|
| ○ Travelers | \$672,719 | \$24,000 A/P for Flood Zone "A" coverage                       |
| ○ Genesis   |           | Declined due to price  |
| ○ Chubb     |           | Declined--can't provide reinsurance, only excess.              |
| ○ Allianz   |           | Submission sent to Steve Adair (left company--we are tracking) |

### Boiler

- |             |          |                       |
|-------------|----------|-----------------------|
| ■ Travelers | \$38,670 |                       |
| ■ HSB       |          | Waiting for quote     |
| ■ Chubb     |          | Declined due to price |

### Crime

Still waiting for individual applications from counties.

~~~~~  
Rich Stokluska, ARM  
Vice President  
Public & Non Profit Division  
Arthur J. Gallagher Risk Management Services, Inc.

10/16/2003



SEARCH 

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

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## House Urged to Pass Five Year Reauthorization of National Flood Insurance Program; NAMIC Comments

On Wednesday, Oct. 8, the National Association of Professional Insurance Agents (PIA) urged Congress to reauthorize the National Flood Insurance Program (NFIP).

House Financial Services Committee Chairman Michael Oxley (R-Ohio) will be meeting with House Majority Leader Tom DeLay (R-Texas) on Oct. 9 to determine the schedule for H.R. 253, the "Two Floods and You Are Out of the Taxpayers' Pocket Act of 2003." Chairman Oxley hopes to have the bill, which includes a provision to reauthorize the NFIP, come up for a vote on the House floor as early as the week of Oct. 13.

"NAMIC supports efforts to reauthorize and reform the national flood program," said **Marliss A. Browder, NAMIC's federal affairs representative**. "These reforms would help FEMA reduce the amount of money spent on frequently flooded properties."

"NAMIC is optimistic that Congress will reauthorize this program before adjourning this year," Browder added.

"It is imperative that Congress acts before it adjourns to reauthorize the National Flood Insurance Program for the five year period," said PIA Senior Vice President Patricia A. Borowski. "A seamless reauthorization of NFIP is of the utmost importance to PIA members whose clients need uninterrupted flood insurance coverage to protect their homes and businesses."

The National Flood Insurance Program provides more than 90 percent of the flood insurance in the United States according to PIA.

As passed by the House Financial Services Committee, H.R. 253 seeks to reduce losses to properties for which repetitive flood insurance claim payments have been made, in addition to extending the program through Sept. 30, 2008.

"PIA National encourages beneficial reform to the flood insurance program, so long as those reforms don't delay reauthorization; no one wants a repeat of last year," said PIA Assistant Vice President of Federal Affairs Peter Bizzozero. "We applaud Chairman Oxley's leadership on and understanding of the critical nature of this issue."

In late 2002, Congress adjourned without passing NFIP reauthorization, leading to concern about the status of properties insured from Jan. 1, 2003 until Congress passed a one-year retroactive reauthorization on Jan. 9, 2003.

NAMIC Federal Affair  
Key Issue: [Flood Insurance](#)

[Read Industry News](#) [E-mail this article](#) [Print this article](#)







Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## LOSS CONTROL MANAGER'S REPORT

BOARD OF TRUSTEES MEETING  
16 October 2003

### NEWS

1. Currently processing RMP reviews. To be completed by November 30<sup>th</sup> (deadline for all supporting documentation to be submitted is November 30<sup>th</sup>).
2. Facilities Management Conference (scheduled for November 6<sup>th</sup>) has been postponed to February—Details to follow. Some presenters had cancelled.
3. Planning and Zoning Conference tentatively scheduled for March. Wilf Summerkorn, Gene Carr, and Tooele County Planner are assisting.
4. The Law Enforcement Committee has become fully functional again. Will be meeting quarterly at least. Next meeting will be November 11<sup>th</sup> just before the membership meeting. Sheriff Phillips heads up the committee.

### ACTIVITIES

1. Risk management reviews in Washington, Uintah, Grand, San Juan.
2. Attended Citizen Planner Training in Summit County in preparation for our own conference.
3. SWAP Fall Training. Lester and I presented as well as coordinating training on land use and failure to train issues.
4. Sheriff Association Annual Training Conference. The Pool set up a booth and sponsored prizes. We met with the Accreditation Committee. We attended the monthly association meeting.
5. DDC Training Iron County
6. Utah County Risk Management Committee.



## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider awarding contract for Risk Management Information System (RMIS) to MountainView Software of Kaysville, Utah. MountainView Software is a subsidiary of Gallagher Bassett Services, Inc.

### ***Background, Discussion***

In response to the Request for Proposals for Risk Management Information Systems, four proposals were received for information systems and two proposals for third party administration. A spreadsheet is attached which reviews all proposals submitted. MountainView Software was the lowest responsive bidder. Per the terms of their proposal, MountainView will convert the existing claims data from VeriClaim into their claims system to be ready for in-house administration beginning January 5, 2004. At the beginning, UCIP will be provided a "client-server" model. "Client-server" means the claims system software is housed on UCIP's computer server and UCIP is responsible for maintenance. By June 1, 2004, UCIP will change to an "ASP" (administrative services provider) model. The ASP model will require MountainView to maintain the system and any upgrades. Data would be processed on Mountain View's server via the internet. The ASP model would also allow UCIP member counties to access their own claims information via the internet.

### ***Recommendation***

Staff recommends authorizing the Director to negotiate a contract with MountainView per the terms of the proposal for presentation to the Board at the December meeting.

## ANALYSIS OF RMIS PROPOSALS

| VENDOR               | CRITERION 1<br>Tech Acceptability<br>= 50% | CRITERION 2<br>Cost = 30%              | CRITERION 3<br>Experience/<br>References = 10% | CRITERION 4<br>RFP Compliance<br>= 10% |
|----------------------|--------------------------------------------|----------------------------------------|------------------------------------------------|----------------------------------------|
| Marsh                | 50%                                        | One time: \$53,380<br>Annual: \$42,500 | 10%                                            | 10%                                    |
| Risk<br>Technologies | 50%                                        | One time: \$57,750<br>Annual: \$43,000 | 10%                                            | 10%                                    |
| Corporate<br>Systems | 50%                                        | One time: \$41,000<br>Annual: \$60,000 | 10%                                            | 5%                                     |
| Mtn View<br>Software | 50%                                        | One time: \$40,000<br>Annual: \$4,000  | 10%                                            | 10%                                    |
| ASC                  | 50%                                        | TPA Service: \$232,700                 | 10%                                            | 10%                                    |
| Vericlim             | 50%                                        | TPA Service: \$251,969                 | 10%                                            | 2%                                     |

# UAC INSURANCE MUTUAL

## General Budget

Amended 07/17/03

Tentative

**2003 Budget**

**2004 Budget**

### REVENUE

|                      |                  |                  |
|----------------------|------------------|------------------|
| Premiums Written     | 3,957,425        | 4,053,237        |
| Investment Income    | 175,000          | 175,000          |
| UAC Reimbursement    | 147,480          | 0                |
| Retained Equity      | 89,176           | 318,382          |
| <b>TOTAL REVENUE</b> | <b>4,369,081</b> | <b>4,546,619</b> |

### LOSSES AND LOSS EXPENSES

|                                              |                  |                  |
|----------------------------------------------|------------------|------------------|
| Losses                                       | 2,000,000        | 2,000,000        |
| Claims Management Expenses (VeriClaim, Inc.) | 242,278          | 0                |
| Reinsurance                                  | 1,409,700        | 1,635,252        |
| Loss Adjustments for Previous Years          | 0                | 0                |
| <b>TOTAL LOSS EXPENSES</b>                   | <b>3,651,978</b> | <b>3,635,252</b> |

### ADMINISTRATION EXPENSES

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Accounting (Larson & Company)        | 14,750         | 18,700         |
| Actuarial Analysis (Taylor Walker)   | 13,000         | 8,500          |
| Automobile Expense                   | 7,500          | 7,500          |
| Automobile Reserve                   | 15,120         | 20,000         |
| Bank Charges                         | 100            | 100            |
| Brokerage Fees (Arthur J. Gallagher) | 80,000         | 80,000         |
| Board Expense                        | 28,000         | 28,000         |
| Building: Maintenance                | 12,000         | 12,000         |
| Building: Repairs & Replacement      | 5,634          | 5,634          |
| Building: Reserve                    | 17,260         | 17,260         |
| Copying Costs                        | 1,200          | 1,200          |
| Dues / Subscriptions                 | 3,500          | 3,500          |
| Exhibiting & Sponsorship             | 4,000          | 10,000         |
| Information Technology               | 4,000          | 64,000         |
| Lease Purchase (Debt Service)        | 87,000         | 70,000         |
| Lobbying & Legislative Tracking      | 0              | 10,000         |
| Loss Control / Training              | 14,000         | 14,000         |
| Office Insurance                     | 3,000          | 5,500          |
| Office Supplies                      | 2,500          | 7,500          |
| Other Expenses                       | 0              | 0              |
| Postage                              | 1,000          | 1,500          |
| Incentives                           | 80,000         | 5,000          |
| Printing                             | 1,000          | 2,000          |
| Professional Fees                    | 10,000         | 15,000         |
| Property & Equipment                 | 10,000         | 30,000         |
| Staff Expenses                       | 20,000         | 30,000         |
| Staff Salaries                       | 189,815        | 290,000        |
| Staff Retirement                     | 40,580         | 67,633         |
| Staff FICA                           | 14,304         | 23,840         |
| Staff Medical Insurance              | 32,340         | 57,500         |
| Telephone                            | 5,500          | 5,500          |
| <b>TOTAL ADMINISTRATION</b>          | <b>717,103</b> | <b>911,367</b> |

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| <b>TOTAL LOSSES AND EXPENSES</b> | <b>4,369,081</b> | <b>4,546,619</b> |
|----------------------------------|------------------|------------------|

|                   |          |          |
|-------------------|----------|----------|
| <b>NET INCOME</b> | <b>0</b> | <b>0</b> |
|-------------------|----------|----------|

### EQUITY / RESERVES

|                                  |                |                |
|----------------------------------|----------------|----------------|
| Automobile                       | 28,420         | 48,420         |
| Building Debt Service            | 69,040         | 86,300         |
| Building Repairs & Replacement   | 22,536         | 28,170         |
| <b>TOTAL DESIGNATED RESERVES</b> | <b>119,996</b> | <b>162,890</b> |

10/15/03

## Utah Counties Insurance Pool Budget to Actual Comparison

|                                 | Jan - Oct 03        | Budget              | \$ Over Budget       |
|---------------------------------|---------------------|---------------------|----------------------|
| <b>Income</b>                   |                     |                     |                      |
| Investment Income               | 124,015.37          | 175,000.00          | -50,984.63           |
| Premiums Written                | 3,957,426.00        | 3,957,425.00        | 1.00                 |
| Reimbursements                  | 147,480.00          | 147,480.00          | 0.00                 |
| <b>Total Income</b>             | <b>4,228,921.37</b> | <b>4,279,905.00</b> | <b>-50,983.63</b>    |
| <b>Expense</b>                  |                     |                     |                      |
| Accounting                      | 14,929.95           | 14,750.00           | 179.95               |
| Actuarial Analysis              | 9,385.50            | 13,000.00           | -3,614.50            |
| Automobile                      |                     |                     |                      |
| Expenses                        | 2,130.83            | 7,500.00            | -5,369.17            |
| Reserve                         | 15,120.00           | 15,120.00           | 0.00                 |
| <b>Total Automobile</b>         | <b>17,250.83</b>    | <b>22,620.00</b>    | <b>-5,369.17</b>     |
| Bank Charges                    | 263.55              | 100.00              | 163.55               |
| Board Expense                   | 24,726.68           | 28,000.00           | -3,273.32            |
| Brokerage Fee                   | 80,000.00           | 80,000.00           | 0.00                 |
| Building                        |                     |                     |                      |
| Maintenance                     | 5,256.44            | 12,000.00           | -6,743.56            |
| Repairs & Replacement           | 5,634.00            | 5,634.00            | 0.00                 |
| Reserve                         | 17,260.00           | 17,260.00           | 0.00                 |
| <b>Total Building</b>           | <b>28,150.44</b>    | <b>34,894.00</b>    | <b>-6,743.56</b>     |
| Claims Management               | 201,898.35          | 242,278.00          | -40,379.65           |
| Copying                         | -24.42              | 1,200.00            | -1,224.42            |
| Dues / Subscriptions            | 3,066.67            | 3,500.00            | -433.33              |
| Exhibiting & Sponsorship        | 4,085.92            | 4,000.00            | 85.92                |
| Information Technology          | 3,259.80            | 4,000.00            | -740.20              |
| Insurance                       |                     |                     |                      |
| D&O E&O                         | 5,565.00            | 748.00              | 4,817.00             |
| Office Package                  | 973.00              | 973.00              | 0.00                 |
| Workers Comp                    | 1,278.15            | 1,279.00            | -0.85                |
| <b>Total Insurance</b>          | <b>7,816.15</b>     | <b>3,000.00</b>     | <b>4,816.15</b>      |
| Lease Purchase                  | 52,305.11           | 87,000.00           | -34,694.89           |
| Lobbying & Legislative Tracking | 0.00                | 0.00                | 0.00                 |
| Loss Control / Training         | 10,881.14           | 14,000.00           | -3,118.86            |
| Losses                          | 675,444.60          | 2,000,000.00        | -1,324,555.40        |
| Office Equipment                | 3,335.98            | 10,000.00           | -6,664.02            |
| Office Supplies                 | 1,968.09            | 2,500.00            | -531.91              |
| Postage                         | 971.80              | 1,000.00            | -28.20               |
| Premium Credits & Incentives    | 77,658.16           | 80,000.00           | -2,341.84            |
| Printing                        | 1,684.78            | 1,000.00            | 684.78               |
| Professional Fees               | 16,189.05           | 10,000.00           | 6,189.05             |
| Reinsurance                     |                     |                     |                      |
| Boiler & Machinery              | 35,289.00           | 35,289.00           | 0.00                 |
| Crime                           | 5,060.00            | 5,060.00            | 0.00                 |
| Flood Zone A                    | 32,677.00           | 32,677.00           | 0.00                 |
| Liability                       | 719,316.00          | 719,300.00          | 16.00                |
| Property                        | 614,615.00          | 617,374.00          | -2,759.00            |
| <b>Total Reinsurance</b>        | <b>1,406,957.00</b> | <b>1,409,700.00</b> | <b>-2,743.00</b>     |
| <b>Staff</b>                    |                     |                     |                      |
| Expenses                        | 23,356.48           | 20,000.00           | 3,356.48             |
| Medical                         | 27,445.33           | 32,340.00           | -4,894.67            |
| Payroll Expenses                | 9,962.75            | 14,304.00           | -4,341.25            |
| Retirement                      | 28,343.90           | 40,580.00           | -12,236.10           |
| Salaries                        | 137,607.17          | 189,815.00          | -52,207.83           |
| <b>Total Staff</b>              | <b>226,715.63</b>   | <b>297,039.00</b>   | <b>-70,323.37</b>    |
| Telephone                       | 3,518.16            | 5,500.00            | -1,981.84            |
| <b>Total Expense</b>            | <b>2,872,438.92</b> | <b>4,369,081.00</b> | <b>-1,496,642.08</b> |
| <b>Net Income</b>               | <b>1,356,482.45</b> | <b>-89,176.00</b>   | <b>1,445,658.45</b>  |

## September 18 - October 16, 2003

| Type             | Date       | Num  | Name                                      | Memo                                | Split                        | Amount     |
|------------------|------------|------|-------------------------------------------|-------------------------------------|------------------------------|------------|
| WF-Expense       |            |      |                                           |                                     |                              |            |
| Check            | 9/19/2003  | 2102 | Dan McConkie                              | Airfare Reimbursement               | Board Expense                | -442.50    |
| Check            | 9/19/2003  | 2103 | Zions Park Inn                            | Hotel Accommodations                | -SPLIT-                      | -550.00    |
| Check            | 9/19/2003  | 2104 | San Juan County                           | Invoice Number: 000676              | Loss Control / Training      | -480.05    |
| Check            | 9/19/2003  | 2105 | Marco Ocean Beach Resort                  | VOID:                               | Board Expense                | 0.00       |
| Check            | 9/19/2003  | 2106 | Public Risk Managment Association         | Account # 10008103                  | -SPLIT-                      | -485.00    |
| Check            | 9/19/2003  | 2107 | Radisson Suite Beach Resort               | AGRIIP Governance Conference        | -SPLIT-                      | -4,659.52  |
| Check            | 9/27/2003  | VISA | Wells Fargo                               | Account Number: 4856 2002 0646 9788 | -SPLIT-                      | -247.48    |
| Check            | 9/27/2003  | VISA | Wells Fargo                               | Account Number: 4856 2002 0646 9796 | -SPLIT-                      | -873.56    |
| Check            | 9/30/2003  | 2108 | Lester J. Nixon                           | Reimbursable Expenses               | -SPLIT-                      | -998.64    |
| Check            | 9/30/2003  | 2109 | Positive Incentives                       | Invoice Numbers: 84564 & 84567      | -SPLIT-                      | -1,366.01  |
| Check            | 9/30/2003  | 2110 | TCNS, Inc.                                | Invoice Number: 1567                | -SPLIT-                      | -2,846.50  |
| Check            | 9/30/2003  | 2111 | TelAmerica                                | Invoice Number: 1511995             | Telephone                    | -45.66     |
| Check            | 9/30/2003  | 2112 | Print2day                                 | New Name & Logo                     | -SPLIT-                      | -904.38    |
| Check            | 9/30/2003  | 2113 | Office Depot                              | Account Number: 35538769            | -SPLIT-                      | -517.73    |
| Check            | 9/30/2003  |      |                                           | Service Charge                      | Bank Charges                 | -224.55    |
| Check            | 10/16/2003 | 2116 | Verizon Wireless                          | Invoice Number: 1812662145          | Telephone                    | -56.78     |
| Check            | 10/16/2003 | 2117 | Verizon Wireless                          | Invoice Number: 1812934029          | Telephone                    | -8.90      |
| Check            | 10/16/2003 | 2118 | Kinko's                                   | Account Number: 0000511812          | Exhibiting & Sponsorship     | -72.80     |
| Check            | 10/16/2003 | 2119 | Larson & Company                          | Invoice Number: 7408                | -SPLIT-                      | -850.00    |
| Check            | 10/16/2003 | 2120 | By The Numbers Actuarial Consulting, Inc. | Invoice Number: 2003-81             | Actuarial Analysis           | -2,000.00  |
| Check            | 10/16/2003 | 2121 | iPhusion                                  | Invoice Numbers: 1120, 1124         | -SPLIT-                      | -940.89    |
| Check            | 10/16/2003 | 2122 | Huddard Floral Company                    | Invoice Number: 763521              | Premium Credits & Incentives | -71.90     |
| Check            | 10/16/2003 | 2123 | Brookhollow Holiday Collection            | Invoice Number: 10-W395901          | Premium Credits & Incentives | -185.36    |
| Check            | 10/16/2003 | 2124 | PEHP-LTD                                  | Coverage Period: Sept - Oct, 2003   | -SPLIT-                      | -185.16    |
| Check            | 10/16/2003 | 2125 | Qwest                                     | Account Number: 801-293-3098-606B   | Telephone                    | -144.94    |
| Check            | 10/16/2003 | 2126 | Sonya J. White                            | Reimbursable Expenses               | -SPLIT-                      | -1,218.48  |
| Check            | 10/16/2003 | 2127 | Lester J. Nixon                           | Reimbursable Expenses               | -SPLIT-                      | -1,259.36  |
| Check            | 10/16/2003 | 2128 | Mark W. Brady                             | Reimbursable Expenses               | -SPLIT-                      | -562.56    |
| Check            | 10/16/2003 | 2129 | Utah Association of Counties              | Second Quarter Expenses             | -SPLIT-                      | -4,627.89  |
| Check            | 10/16/2003 | 2130 | Glyphics Communications                   | Statement Number: 1026915           | Telephone                    | -91.68     |
| Check            | 10/16/2003 | 2132 | Suitter Axland                            | Invoice Numbers: 1263986            | -SPLIT-                      | -5,214.57  |
| Check            | 10/16/2003 | 2133 | CPCU Society                              | I-DAY Conference                    | -SPLIT-                      | -150.00    |
| Total WF-Expense |            |      |                                           |                                     |                              | -32,282.85 |
| TOTAL            |            |      |                                           |                                     |                              | -32,282.85 |





# UAC Horizons

Fall 2003

U A C NEWSLETTER

## *Legislative Audit Finds Fault with County Government's Handling of Mental Health Agencies*

One of the hot topics affecting counties is the recent release of the performance audit conducted by the Legislative Auditor General's office titled "A Performance Audit of Utah's Local Mental Health System." The 100 plus-page document outlines areas in which the Legislative Auditor General's office has found to be inadequate. The performance audit can be viewed at the State Legislature's website ([www.le.state.ut.us](http://www.le.state.ut.us)) by going to the audits link. Here is a summary of conclusions:

- All Commissioners, Council Members and Executives will be held responsible for \$132 million public funds entrusted to them.
- County officials have not provided adequate oversight of mental health funds and services.
- Lack of county oversight has allowed mental health providers and employees to violate contract provisions and state law.
- Counties do not have adequate reporting, monitoring, or coordination over their mental health providers.

Specifically, the audit identified several problems:

- County elected officials do not understand their roles and responsibilities (page 14)
- Agreements between the counties and Mental Health Centers are often poorly drafted (page 20)
- County oversight is inadequate because of insufficient reporting (page 14)
- County officials too often abdicate their authority of oversight (page 16)
- There is an over-reliance on independent audits that fail to provide sufficient and timely data needed to provide effective oversight (page 18)
- Procurement and contracting controls are weak (page 53)

The Utah Association of Counties has taken several steps to address concerns expressed in the performance audit. UAC has formed a response committee which includes: Brent Gardner, Mark Walsh, Camille Cain, Michael Cragun, Bill Cox, Karl Hendrickson and Gavin Anderson. The committee is working diligently to see that improvements are made through better education and communication.

Over the summer, as promised to the Legislative Auditor General when the Audit was presented, UAC offered three separate workshops that addressed the deficiencies outlined in the Audit. Unfortunately, these were not very well attended, given the magnitude of responsibility mental health oversight entails. We hope to offer further training as opportunities become available. Please take the time to learn your oversight duties and if you have any questions, call UAC at (801) 265-1331.

### WHAT'S INSIDE

*Property Tax Workshop Continues  
Former UAC President Moves On  
FCC Faxing Regulations On Hold  
2003 Outstanding County Officials Announced  
2004 Nominees for UAC Officers Announced  
80 Years... and Counting!  
Convention Keynote Speaker*

*Convention Entertainment  
Committee and Board Appointments 2003  
In Remembrance of Sandra Rees  
County Official of the Quarter Profile  
Utah Intergovernmental Roundtable  
NACo Annual Conference*

